

REMARKS

Claims 30, 32-34, 36-50 and 52-56 remain in this application. Claims 30, 34, 36-39 and 48 have been amended above. Applicants respectfully request reconsideration and review of the application in view of the foregoing amendments and the following remarks.

Before addressing the merits of the grounds of rejection, Applicants provide the following brief description of the invention. The invention generally relates to a system and method for video content distribution that utilizes a portable electronic storage device configured to uniquely interface via a physical connector with an interactive kiosk and a set-top box. Unlike the prior art, the invention makes it possible to store both the video content and the customer's use/viewing data on a portable storage device configured to manually interface with kiosks that allow the customer to select the desired video content and thereby pay for use of the video content. In one approach, a customer accesses a publicly accessible kiosk and loads video content onto the portable video content storage device. The user accesses the video content by manually attaching or inserting the storage device into a compatibly configured set-top box. The set top box accumulates and stores data relating to the user's use/viewing of the video content on the storage device. The use data is read upon a subsequent return to the kiosk so that the user can be appropriately charged. By storing use data on the portable content storage device and transferring the use data to the kiosk upon a subsequent visit to the kiosk, it is possible to charge customers on a pay-per-view basis without the need for a separate communication link with the customer (e.g., a telephone line between a billing office and the customer's home). It is important to note that the storage device interfaces with both the kiosk and the set-top box via a physical connector that is incompatible with industry standard devices for transferring video content and incompatible with industry standard computer systems in order to limit illegitimate use. The storage device is configured to be accessed only by a compatible kiosk and a compatible set-top box. This limits access to the content stored on the storage device to trusted, legitimate entities such as sellers and service providers that

operate kiosk video distributions systems.

The Examiner rejected Claims 48-56 under 35 U.S.C. § 112, second paragraph, as being indefinite. Specifically, the Examiner asserts that the term "the storage device" lacks antecedent basis and requires clarification. Claim 48 has been amended to use the term "the portable video content storage device" in order to clarify the storage device recited in the claim. Accordingly, this ground of rejection is deemed overcome.

Applicants have submitted herewith the Declaration of Dennis Palatov under 37 C.F.R. § 1.131 and accompanying Exhibits A, B and C, which prove conception of the invention and diligence in reducing the invention to practice prior to the effective date of Abecassis (US 6,192,340), which was filed on October 19, 1999. These submissions therefore demonstrate that Abecassis does not qualify as prior art under 35 U.S.C. § 102(e), and the rejections based thereon should therefore be withdrawn. Applicants have chosen to traverse these rejections by swearing behind Abecassis in order to advance this application to allowance, and do not admit or otherwise acquiesce as to the merits of any of these rejections.

A *prima facie* rejection for obviousness requires: (1) a disclosure or suggestion of every element of the claim in the cited reference or references; (2) a suggestion or motivation, in the references or known to one skilled in the art, to modify or combine the references; and (3) a reasonable expectation of success. The suggestion to combine and the reasonable expectation of success must be found in the prior art. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). Applicants respectfully submit that each of the following rejections of claims fails to satisfy these standards. The Examiner repeatedly combines otherwise unrelated prior art references to reconstruct the invention without making the requisite showing of a suggestion or motivation to combine the references as proposed.

The Examiner rejected Claims 30, 32-34 and 36 under 35 U.S.C. § 103(a) as being unpatentable over Allen (US 5,909,638) in view of Tatebayashi (US 6,182,215), and further in view of Abecassis (US 6,192,340), and further in view of Russo (US 5,619,247) and further in view of Okuyama et al. (US 5,987,126). These rejections are respectfully traversed.

Allen discloses a host data center (10) and a plurality of remote manufacturing centers (20) for recording movies onto VHS tapes or other video media. The system enables VHS tapes to be manufactured for a customer on-demand, such that the customer selects a desired movie from a kiosk and the tape is made for the customer on the spot. As shown in Figure 1, the remote manufacturing center (20) comprises a robotic cabinet 130 for robotic storage and retrieval of VHS cassette tapes. The tapes are retrieved from this storage cabinet 130 and loaded under robotic control into the high-speed VHS recorder within unit 115. (Col. 8, lines 35-41).

The Examiner acknowledges that there are numerous deficiencies with Allen. For example, Allen fails to disclose: (1) storage of video content data on a portable storage device; (2) storage device capable of storing MPEG-2 quality data; and (3) kiosk configured to read content use data from storage device. The Examiner proposes to make up for these deficiencies by combining Allen with numerous other prior art references. As a fundamental matter, there is no teaching or suggestion for the proposed combination of references. The deficiencies the Examiner identified are significant and not easily cured by the proposed combination of references. The movie distribution model proposed by Allen is unacceptable to movie content producers because it is not secure. It is too easy for the movie content to be pirated by unscrupulous operators either by getting access to the source data within the kiosk or by copying the VHS tapes that are produced. For these reasons, systems built in accordance with Allen have not achieved any commercial acceptance in the marketplace.

The present invention provides a completely different way of distributing movie content while maintaining security over the content. In an embodiment of the invention, the customer manually inserts the portable storage device into a first receptacle of an interactive kiosk. After the kiosk stores video content onto the portable storage device, the customer manually removes the storage device from the first receptacle and takes it with him/her. During a subsequent visit to this or a similar kiosk, the customer has the option of reusing the portable storage device, which is not disclosed by any of the prior art references cited by the Examiner. In addition to the deficiencies identified by the

Examiner, Allen fails to disclose a portable storage device that is manually inserted into the receptacle of the kiosk and that permits repeated reuse. The system provides complete security over the source media content insofar as there is no way to retrieve the source media content either from the kiosk or from the portable storage device. Moreover, the use of non-industry standard connectors prevents another device from connecting either to the kiosk or the portable storage device.

Tatebayashi et al. discloses a communication system for selecting and using an encryption protocol from a plurality of choices of encryption protocols. As a fundamental matter, there is no teaching or suggestion to combine Tatebayashi et al. with Allen. Allen does not suggest any need for encryption--indeed, the reference discloses communication of the movie content data in an unencrypted form onto VHS tapes. Moreover, Tatebayashi et al. does not suggest any use of a portable storage device for receiving the data content. The only such teaching or suggestion for the combination comes from the present invention. It is therefore improper to combine the references as proposed.

The Examiner further acknowledges deficiencies with the combination of Allen and Tatebayashi et al. Namely, the Examiner recognizes that the combination fails to disclose a portable storage device containing a memory capable of storing MPEG-2 quality video content, or that the portable storage device is capable of storing accumulated content use data. As noted above, these are not insignificant deficiencies of the references, as these features go to the heart of the present invention. Applicants respectfully submit that these references lack these features since they were never intended to provide the solution set forth in the present patent application.

The Examiner proposes to make up for these deficiencies by adding Abecassis '340, Russo and Okuyama et al. Abecassis '340 is not qualified as prior art in light of the attached declaration. Russo discloses a set-top box control access having a storage medium that can store content use data. Okuyama et al. discloses a recording device having a copy protection management system. The Examiner makes no attempt to show that there is any teaching or suggestion for combination of these references with the preceding references of record. In this regard, the Examiner has simply

performed an impermissible hindsight reconstruction of the invention using the invention as a template. The only possible motivation for the combination of references comes from the patent application, and the Examiner has not shown otherwise. Moreover, even if there was some suggestion for the combination, the references fails to make up for the significant deficiencies of the preceding references. The ground of rejection fails to establish a *prima facie* showing of obviousness.

In addition, Claim 30, as presently amended, further clarifies that the connection between the storage device and the kiosk and the storage device and the set-top box are via a physical connector "incompatible with industry standard computer systems." This has the added advantage of securing the content on the device and limiting illegitimate use of the device without the requirement for encoding algorithms for security. None of the references of record suggest or disclose the use of a non-industry standard connector.

Claims 32 and 33, which depend from Claim 30, and Claims 34 and 36, are deemed patentable for the same reasons stated above with respect to Claim 30. Since the prior art references fail to teach or suggest every element of Claims 30, 32, 33, 34 and 36, Applicants respectfully request that the rejection of these claims be withdrawn.

The Examiner rejected Claims 37-43 and 45 under 35 U.S.C. § 103(a) as being unpatentable over Allen in view of Tatebayashi et al., and further in view of Abecassis '340, and further in view of Russo, and further in view of Okuyama et al., and further in view of Cantone (US 5,734,781). Cantone is cited merely for its disclosure of a removable drive housing having a controller. The reference otherwise fails to make up for the significant deficiencies of the other references, and, as above, there is no teaching or suggestion for the proposed combination. This ground of rejection should be withdrawn for the same reasons provided above with respect to Claim 30.

Moreover, the Examiner states that Tatebayashi's authentication process is analogous to the invention in which only device/systems with the same authentication protocol are able to communicate with each other. Applicants respectfully disagree. Tatebayashi discloses only an authentication protocol used to prevent undesired communications, not a unique physical connection for the purpose of security.

Therefore, Tatebayashi fails to teach or suggest a physical connector "configured to be uniquely compatible with the kiosk but incompatible with industry standard electronic systems and devices for accessing video content" as recited in Claim 37.

The Examiner rejected Claims 44 and 46-47 under 35 U.S.C. § 103(a) as being unpatentable over Allen in view of Tatebayashi et al., and further in view of Abecassis '340, and further in view of Russo, and further in view of Okuyama et al., and further in view of Cantone, and further in view of Abecassis (US 5,696,869). These rejections are respectfully traversed. Abecassis '869 is cited merely for its disclosure of the controller having a data buffer. The reference otherwise fails to make up for the significant deficiencies of the other references, and, as above, there is no teaching or suggestion for the proposed combination. This ground of rejection should be withdrawn for the same reasons provided above with respect to Claim 30.

The Examiner rejected Claims 48-50 and 52-53 under 35 U.S.C. § 103(a) as being unpatentable over Abecassis '340 in view of Russo and further in view of Tatebayashi. These rejections are respectfully traversed.

Abecassis '340 is not qualified as prior art in light of the attached declaration. Further, as presented above with respect to Claim 30, Russo discloses the immediate debiting of an account for payment or remote querying to inform the provider that programs were viewed but fails to disclose storage of "content use data on the portable video content storage device" as is recited in Claim 48. Therefore, Russo fails to specifically suggest or teach at least this aspect of Claim 48. Tatebayashi fails to make up for these deficiencies. Hence, the ground of rejection fails to establish a *prima facie* showing of obviousness.

Claims 49-50, and 52-53, which depend from Claim 48, are deemed patentable for the same reasons stated above with respect to Claim 48. Since the prior art references fail to teach or suggest every element of Claims 48-53, Applicants respectfully request that the rejection of these claims be withdrawn.

The Examiner rejected Claims 54-56 under 35 U.S.C. § 103(a) as being unpatentable over Abecassis '340 in view of Russo and further in view of Tatebayashi, and further in view of Abecassis '869. Abecassis '869 is cited merely for its disclosure

Serial No. 09/506,261
April 5, 2006
Page 14


of the storage of user preferences. The reference otherwise fails to make up for the significant deficiencies of the other references, and, as above, there is no teaching or suggestion for the proposed combination. This ground of rejection should be withdrawn for the same reasons provided above with respect to Claim 48.

In view of the foregoing, Applicants respectfully submit that Claims 30, 32-34, 36-50 and 52-56 are in condition for allowance. Reconsideration and withdrawal of the rejections is respectfully requested, and a timely Notice of Allowability is solicited. If it would be helpful to placing this application in condition for allowance, Applicants encourage the Examiner to contact the undersigned counsel and conduct a telephonic interview.

To the extent necessary, Applicants petition the Commissioner for a three-month extension of time, extending to April 5, 2006, the period for response to the Office Action dated October 5, 2005. The Commissioner is authorized to charge \$905.00 for the three-month extension of time (\$510.) pursuant to 37 CFR § 1.17(a)(3) and for request for continued examination (RCE) (\$395.) pursuant to 37 CFR § 1.17(e), and any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account No. 50-0639.

Respectfully submitted,

Date: April 5, 2006



John Paik
Attorney for Applicants
Registration No. 54,355

O'MELVENY & MYERS LLP
400 South Hope Street
Los Angeles, CA 90071-2899
Telephone: (213) 430-6000

Enclosure: Declaration of Prior Invention to Overcome Cited Patent